Financial Management Modernization Program (FMMP) Industry Day Strategy

FMMP Program Management Office

Industry Day

September 30, 2002

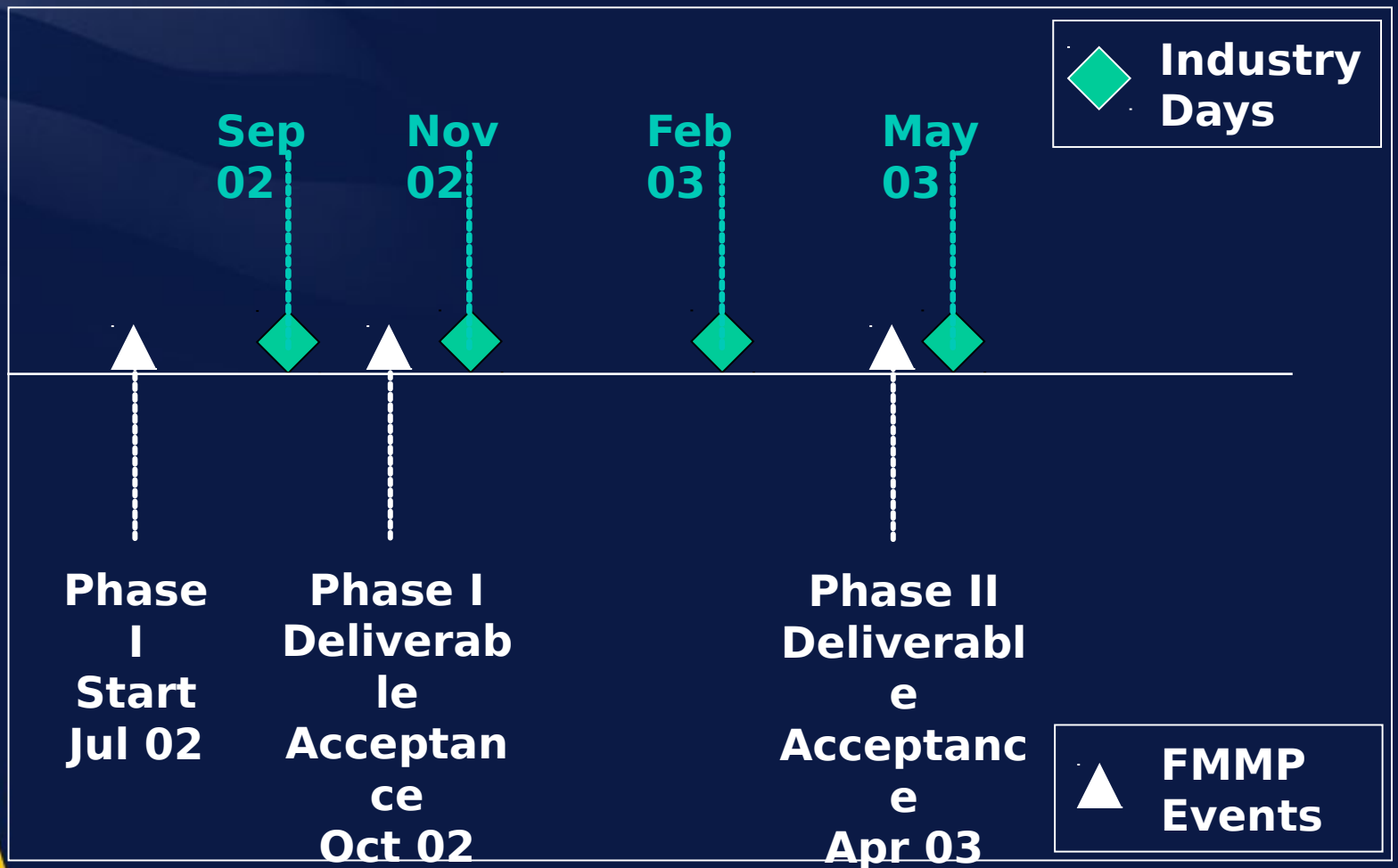
Industry Day Objective

Posture FMMP to benefit from robust competitions for follow-on efforts

Industry Day Schedule

- 30 September 2002
- TBD November 2002
- TBD February 2003
- TBD May 2003

Industry Days in FMMP Context



Agenda Topics

- FMMP Overview Part I
- Financial Management Enterprise Architecture (FMEA)
- FMMP Transition Planning
- FMMP Data Repository
- System Review Process
- FMMP Overview Part II

Department of Defense Financial Management Modernization Program

Director, FMMP

Industry Day

September 30, 2002

"We have world-class armed forces. We intend to achieve world-class financial management."

Defense Secretary Donald Rumsfeld
SECDEF Confirmation Hearings April 2001

Background

- Friedman Study: “Transforming Department of Defense Financial Management”
  - Lack of Overarching Approach to Financial Management
  - Overly Complex Data Requirements
  - Convoluted Business Processes
  - Inability to Produce Reliable Annual Financial Statements

- General Accounting Office: “Architecture Needed to Guide Modernization of DoD’s Financial Management Operations”
  - Financial Management Improvement Plan is not an Enterprise Architecture
  - Structures and Processes are not in Place to Effectively Develop and Implement an Enterprise Architecture

SECDEF Memo July 19, 2001

- Established Financial Management Modernization Program
  - Under the Authority of the USD(C) in Coordination with USD(AT&L) and DoD CIO
- Directed the Creation of a Program Management Office

Vision

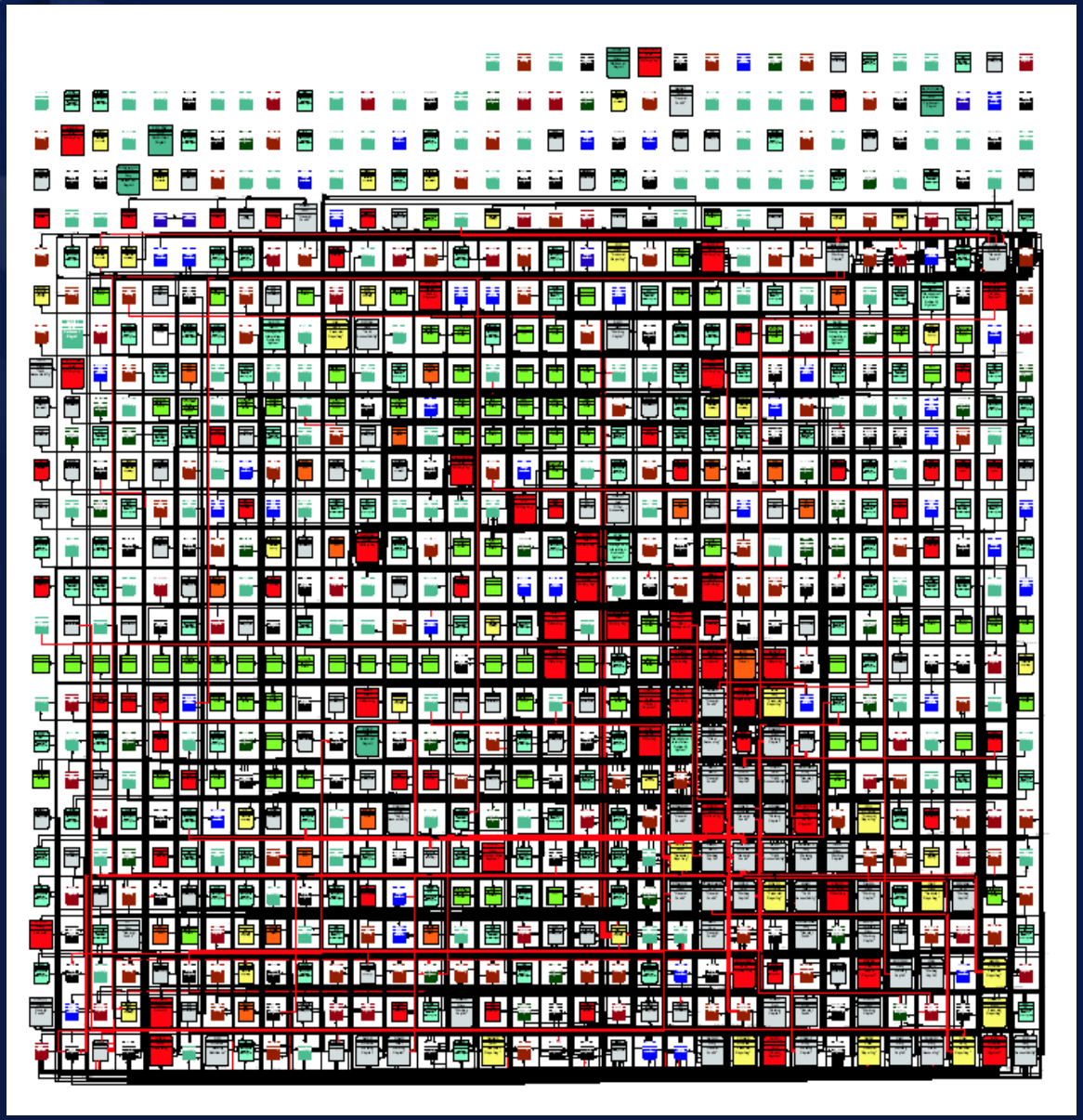
The Department of Defense will be managed in an efficient, ***business-like manner*** in which accurate, reliable and timely financial information, affirmed by clean audit opinions, is available ***on a routine basis*** to support informed decision-making at all levels throughout the Department.

Scope

Financial information--necessary to manage the Department's business and report the results of its operations--is a product of virtually every action taken by the Department. The Scope of this initiative encompasses those defense polices, processes, people, and systems which guide, perform or support all aspects of financial management within the Department; from the formulation of budget estimates to the preparation of management reports and financial statements.

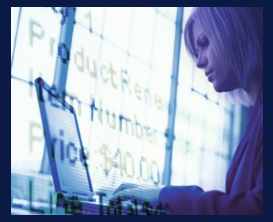
Approach

To achieve the Department's vision for financial management modernization a Financial Management Modernization Program Office, reporting directly to the Under Secretary of Defense (Comptroller), will employ a two-track approach: ***near-term improvements*** and ***long-term solutions***.



Develop a "Road Map" for the Future

- An Enterprise Architecture Documents the Department's Future Business Environment
  - Operational: New Business Practices
  - Technical: Defense-wide Standards
  - Systems: Investment Strategy
- Architecture will Guide the Department's Transformation
  - Fewer, More-capable & Integrated Systems
  - Reduced Cost of Business Operations
  - Supported by a Skilled Work Force
  - Better Information for Decision-making



TEAM IBM

IBM

SAIC
An Employee-Owned Company

KPMG

accenture

DynCorp

ams

Blanket Purchase Agreement and Calls

- BPA awarded to Team IBM on April 9, 2002
- Call 1 covered April 26 - June 15, 2002 - 50 calendar days
  - Kick-off Meeting April 29
  - Management Plan April 29
  - FMEA Program Plan
  - Architecture Assessment/Approach/Methodology Report
  - Data Repository Proposal Report
  - FMEA Development Activity Report
  - Gap Analysis and Risk Statement
  - Final Call 1 Report
- Call 2 Provides for Phase 1 Architecture
- Call 3 Provides for Data Repository IOC/FOC
- Call 4 Provides for Real Property Transformation Initiative
- Call 5 Provides for Quarterly Financial Statements Transformation Initiative
- Call 6 Provides for Phase II Architecture

Secretary Rumsfeld's Top 10 Priorities

1 -- War in Afghanistan

...

...

8 -- Homeland Security

9 -- ***Financial Management Modernization***

#10 -- ....

Department of Defense Financial Management Enterprise Architecture

FMMP Program Control

Industry Day

September 30, 2002

The architecture model provides the foundation for understanding and connecting the diverse operations within the DoD

An architecture is "the structure of components, their relationships, and the principles and guidelines governing their design and evolution over time."

C4ISR Architecture Framework, Version 2.

Currently, a “silo” approach to meeting operational needs has created disparate and non-integrated business processes and systems

CINCs

USCENTCOM USEUCOM USPACOM USACOM

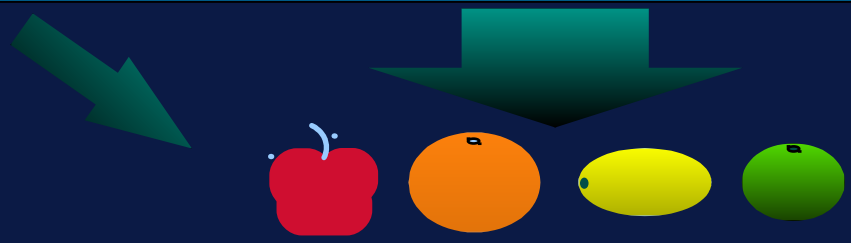
Services

Army Navy Air Force Marines

Agencies

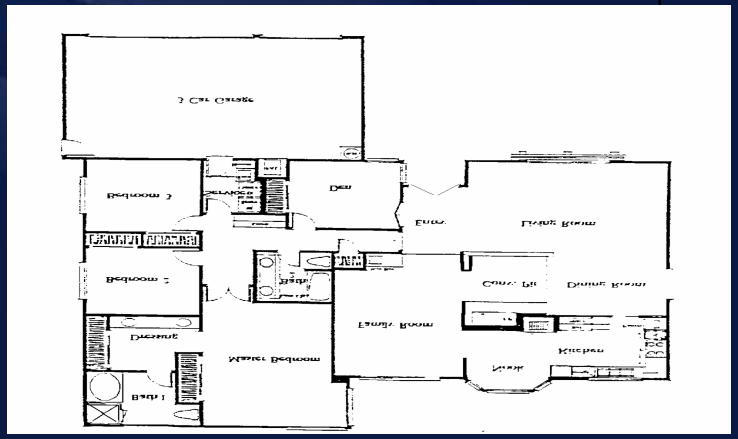
DLA NIMA DISA

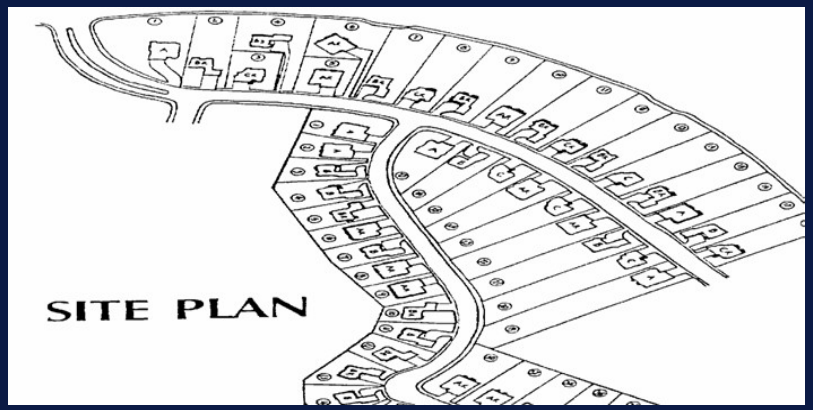
Significant differences in content and formats inhibit the ability to rationalize or compare architecture descriptions



Disparate and unrelatable architecture products lead to non-integrated, non-interoperable, and non-cost effective capabilities in the field

The DoD Financial Management Enterprise Architecture can be understood through analogies, definitions…





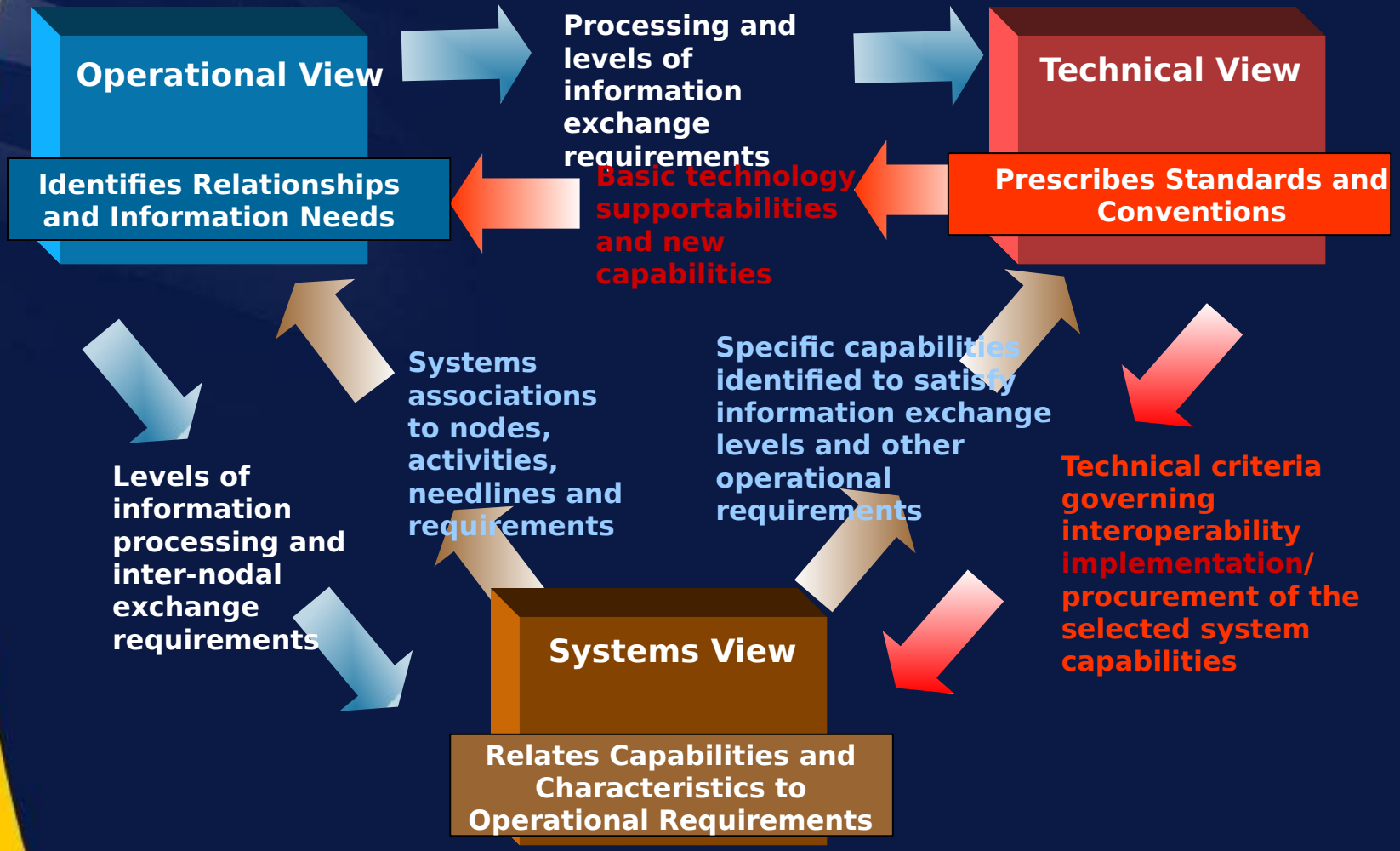
Working Definitions:

Architecture - a model of some dimension of an existing or future information system used to envision that system prior to building or buying that system

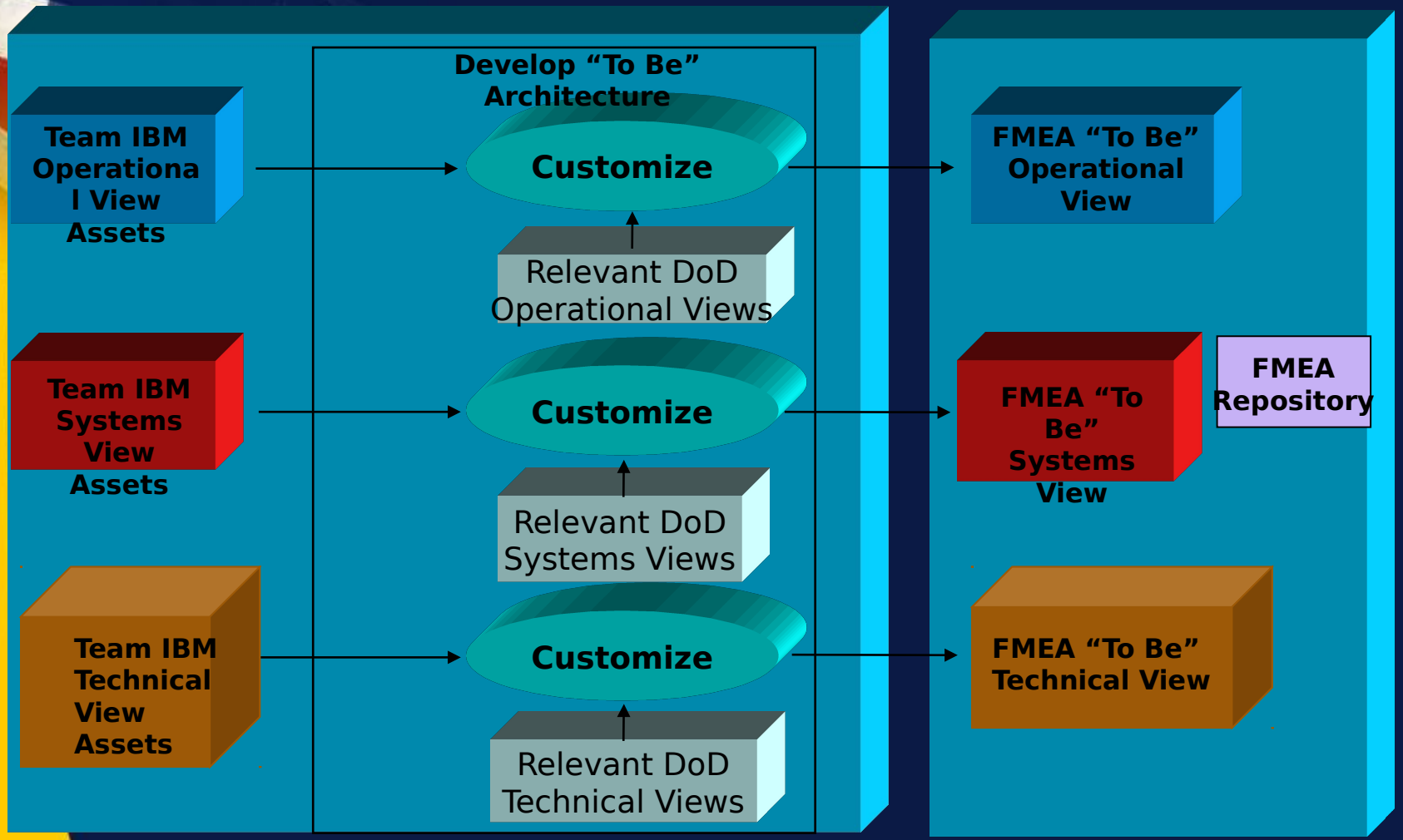
Enterprise Architecture - a collection of related architectures that model an existing or future enterprise. An enterprise architecture is intended to provide core content for architectures associated with individual systems within the enterprise.

DoD Financial Management Enterprise Architecture - an enterprise architecture focused on the DoD Business Management function

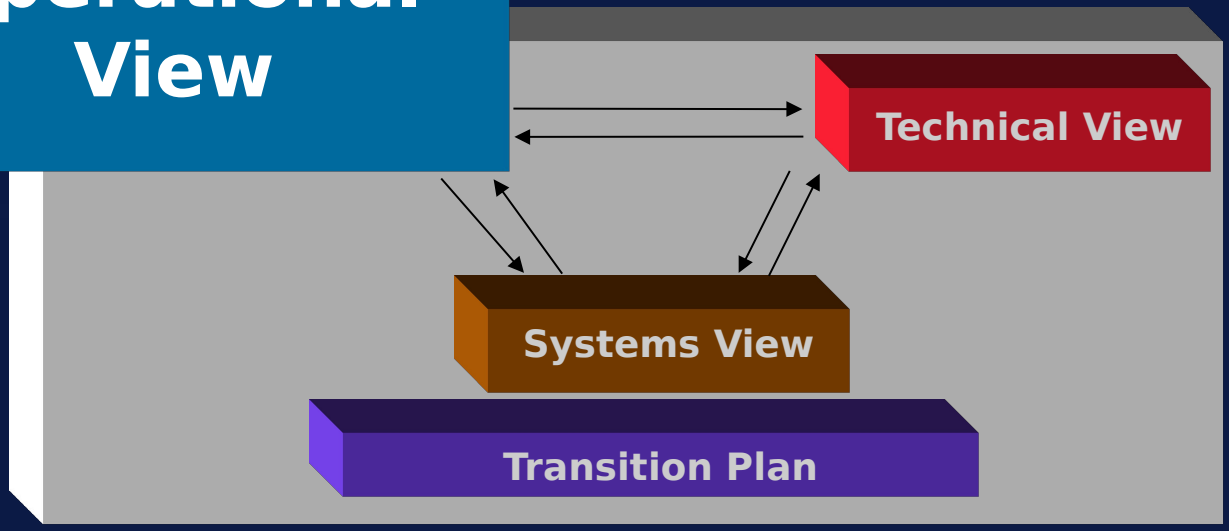
The views within the Financial Management Enterprise Architecture are integrated and interconnected


Operational View
Processing and levels of information exchange requirements
Technical View
Identifies Relationships and Information Needs
Basic technology supportabilities and new capabilities
Prescribes Standards and Conventions
Systems associations to nodes, activities, needlines and requirements
Specific capabilities identified to satisfy information exchange levels and other operational requirements
Levels of information processing and inter-nodal exchange requirements
Technical criteria governing interoperability implementation/ procurement of the selected system capabilities
Systems View
Relates Capabilities and Characteristics to Operational Requirements

DoD will take an asset based approach to produce each of the "To Be" C4ISR views in the FMEA



Operational View



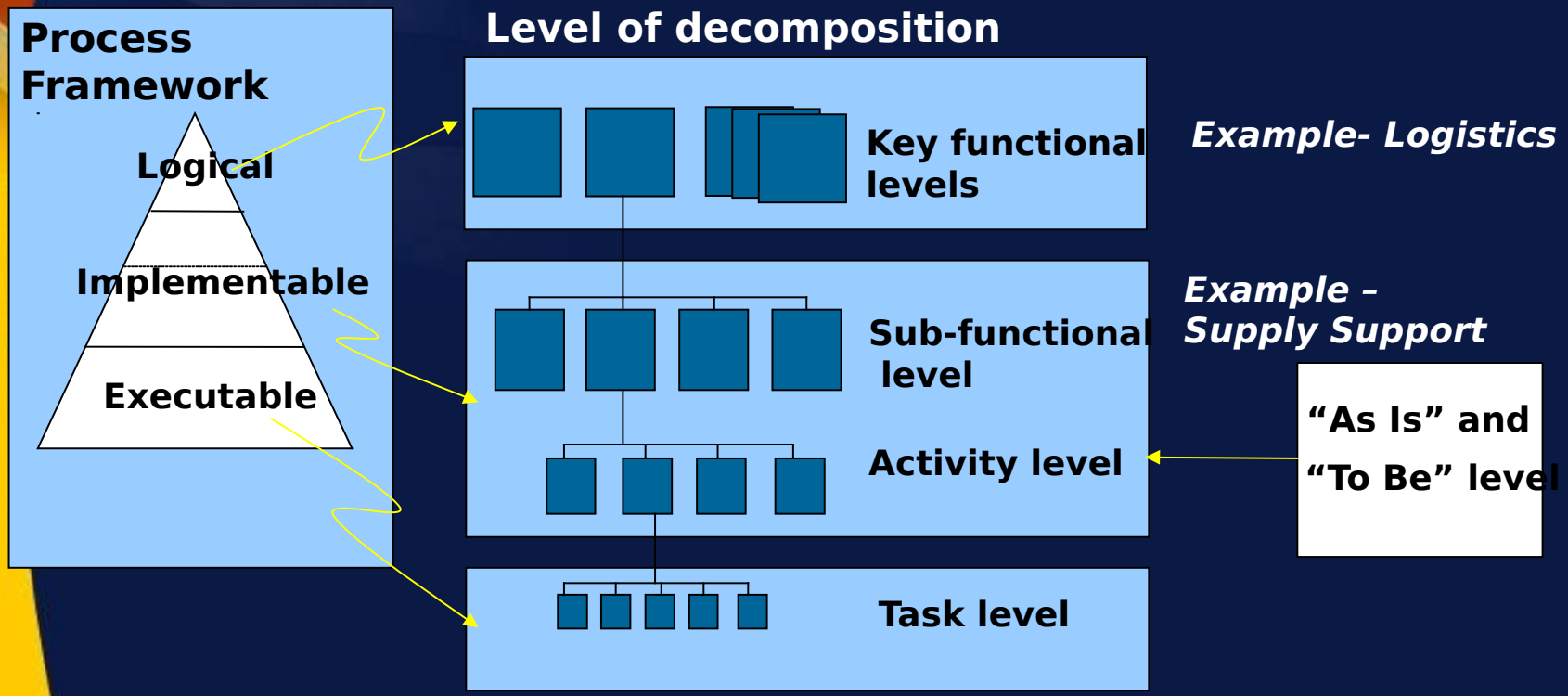
The Operational View will incorporate both major Do functional areas and financial processes

"As-Is" Financial Process Areas

DoD Major Function Areas

Materials & Inventory Management	Cost Accounting	Collections & Receivables	Procurement & Payment Management	HR, Payroll & Benefits Admin.	Accounting	Financial Mgmt & Reporting	Fixed Assets & Capital Accounting	Budgeting & Forecasting	Treasury & Liquidity Management	Retail Management
Personnel										
Logistics										
C3I										
Acquisition										
Operations										

The financial processes and functional areas will be decomposed to an activity level



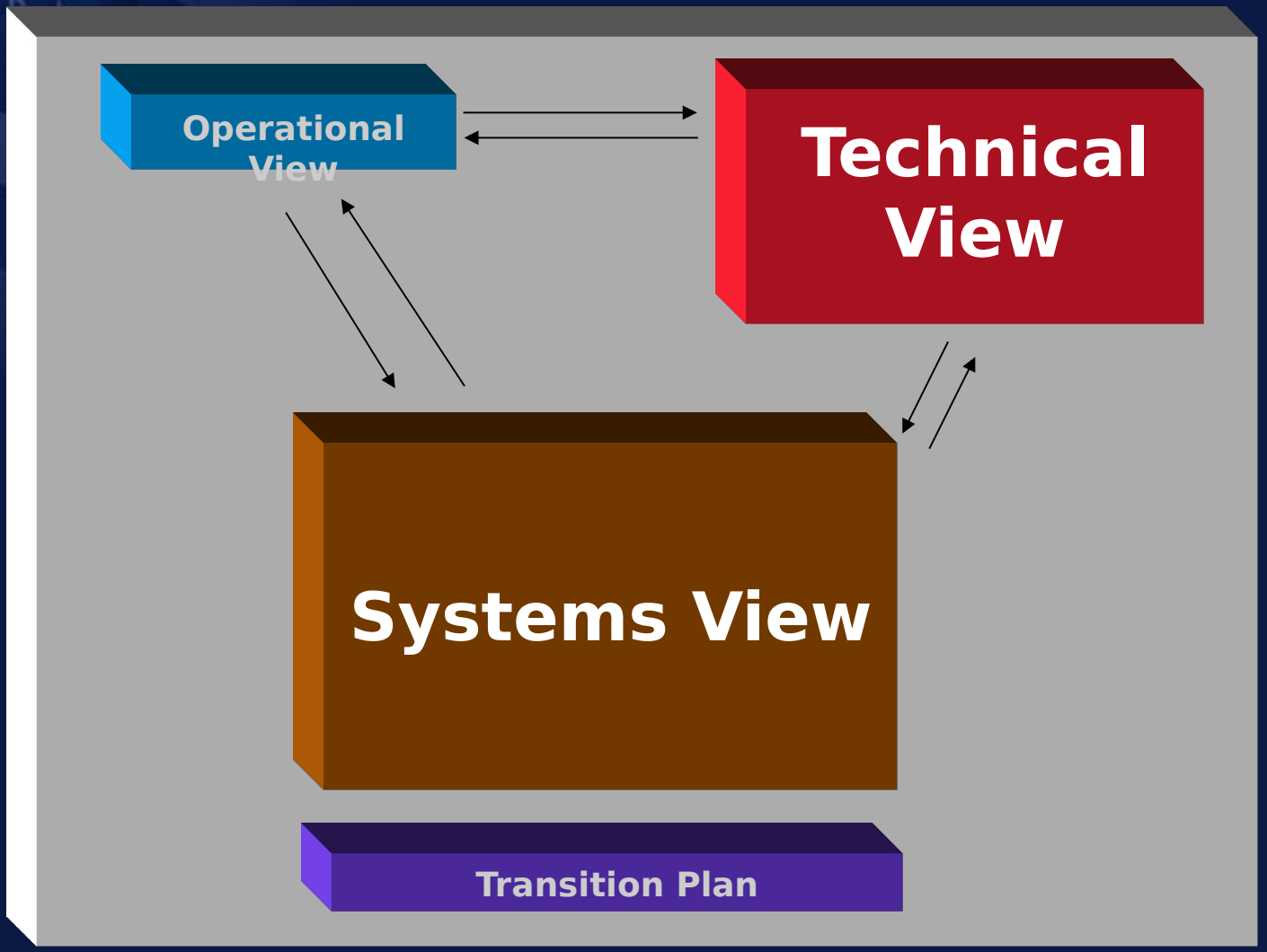
The Operational View will be completed in two phases

Phase 1

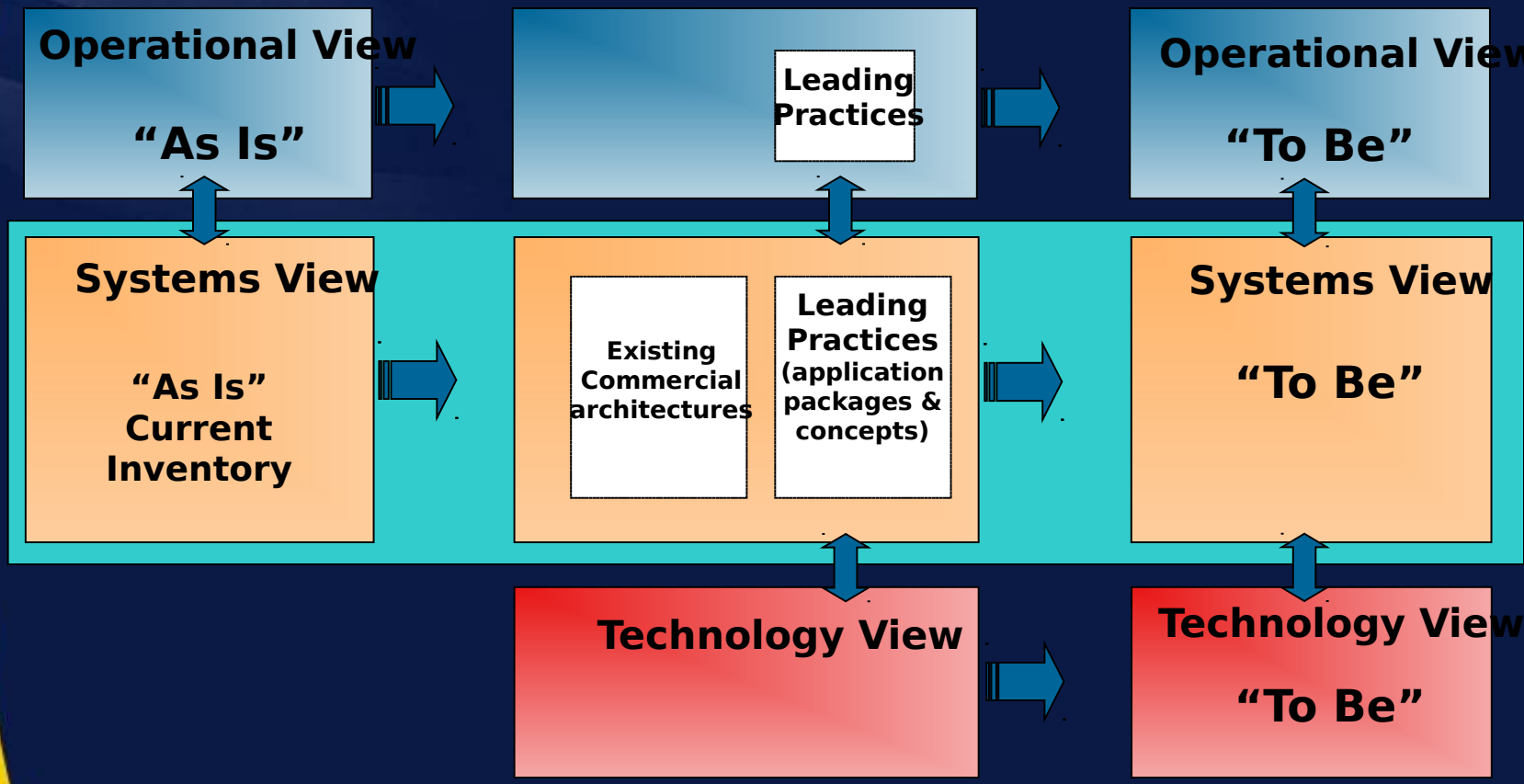
- Develop “As Is” and “To Be” processes
- Compile and leverage industry leading practices
- Establish high level functional “strawman” process models for “As Is” and “To Be”
- Populate select C4ISR deliverables

Phase 2

- Develop transformed detailed functional area models and processes
- Incorporate and synchronize “To Be” processes
- Utilize industry leading practices
- Incorporate compliance reviews
- Populate C4ISR deliverables

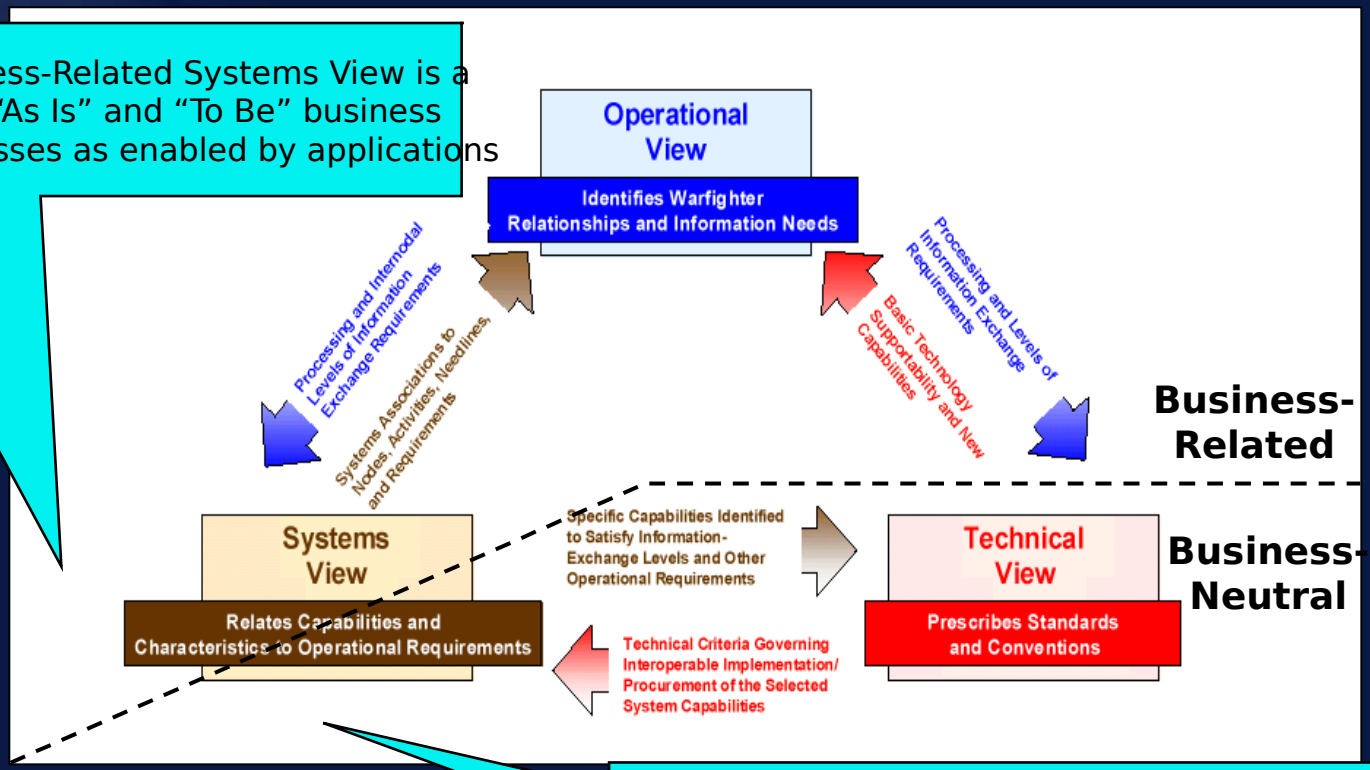

Operational View
Technical View
Systems View
Transition Plan

The systems view is integrated with the operational and technology views

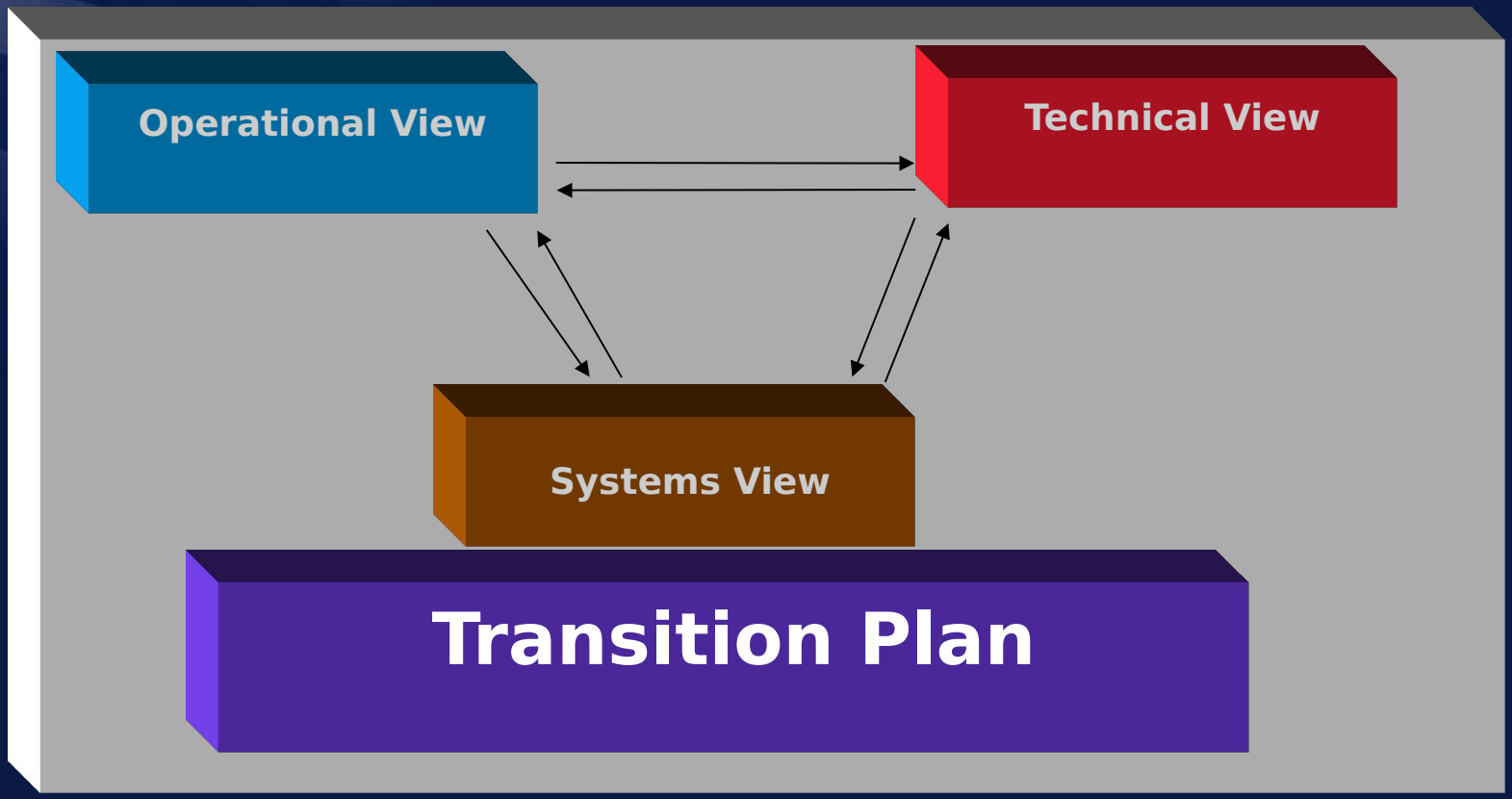


Sub-views within Systems & Technical Views

The FMEA Business-Related Systems View is a description of “As Is” and “To Be” business policies and processes as enabled by applications


Operational View
Identifies Warfighter Relationships and Information Needs
Processing and Intermodal Levels of Information Exchange Requirements
Systems Associations to Nodes, Activities, Needlines, and Requirements
Processing and Levels of Information Exchange Requirements
Basic Technology Supportability and New Capabilities
Business-Related
Systems View
Relates Capabilities and Characteristics to Operational Requirements
Specific Capabilities Identified to Satisfy Information-Exchange Levels and Other Operational Requirements
Technical Criteria Governing Interoperable Implementation/ Procurement of the Selected System Capabilities
Technical View
Prescribes Standards and Conventions
Business-Neutral

The FMEA Business-Neutral Systems View is a description of software components that are commo to all business policies and processes


Operational View
Technical View
Systems View
Transition Plan

Department of Defense Financial Management Modernization Program

FMMP Transition Planning

Industry Day

September 30, 2002

TRANSITION OBJECTIVES

- **Transition: Design incremental improvements in DoD business operations and financial management to achieve the FMEA “To-Be”**

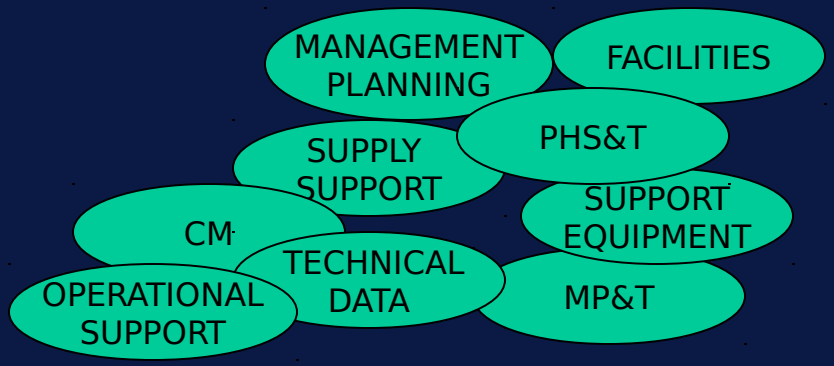
- **Transition Plan: Define the path to the “To Be” by Packaging FMEA requirements into an optimal schedule with capital investment requirements -- aligning & leveraging related ongoing Programs & Initiatives**

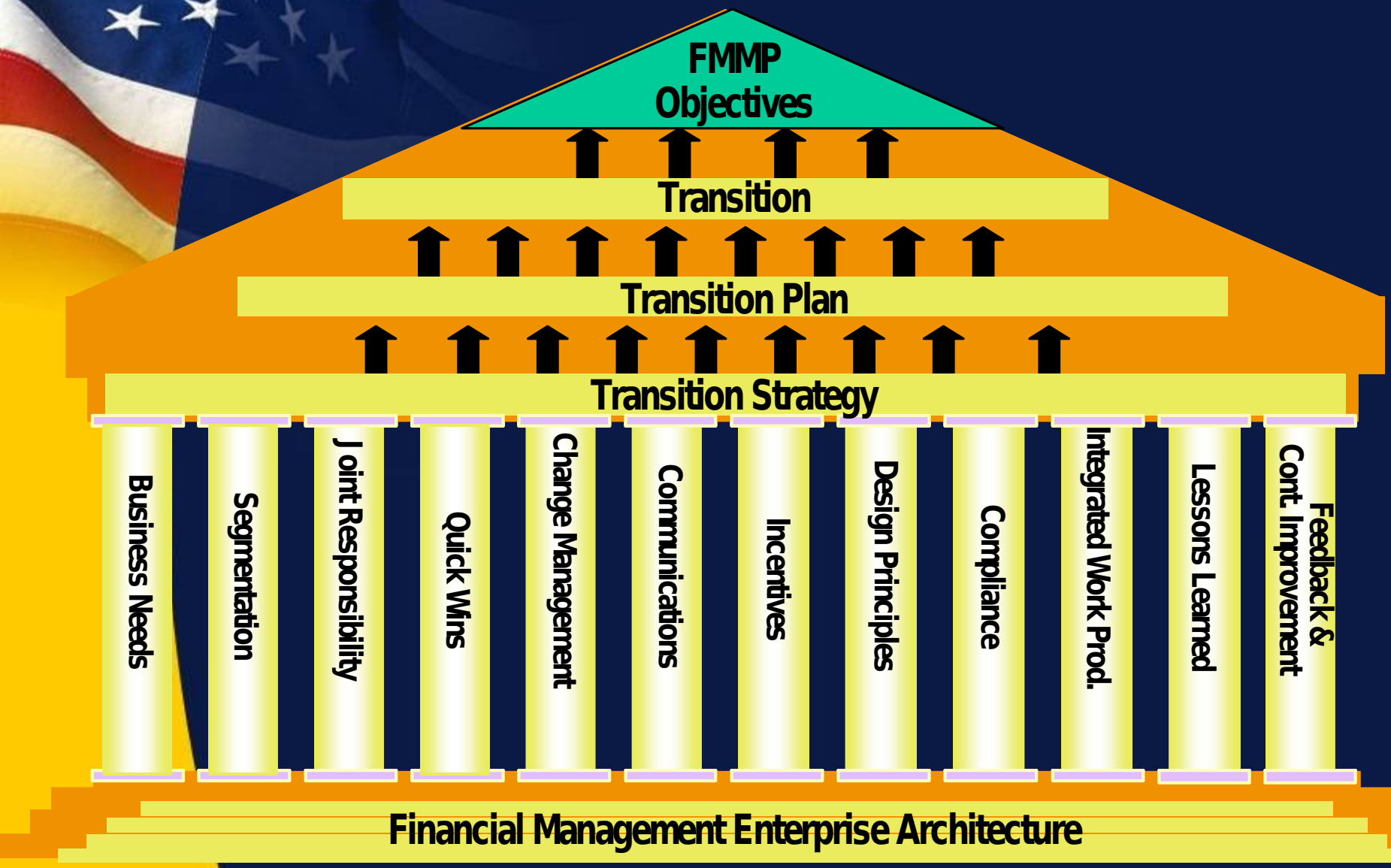
TRANSITION PRINCIPLES

- Work collaboratively with services and agencies
- Build on existing initiatives
- Synchronize with:
  - Financial and funding cycles,
  - Existing system, processes, and architecture initiatives
  - DoD Executive Forums
- Transition via multiple tracks simultaneously
- Phase functional and process threads
- Look for quick-wins
- Ensure compliance with the FMEA architecture and laws,

TRANSITION PACKAGE COMPONENTS

- Develop packages resulting in improving business and functional operations
- Packages are groups of requirements/system functions to be transitioned
- Packages address:
  - **changes required in laws and regulations**
  - **policies, processes, and roles**
  - **funding**
  - **program staffing**
  - **change management**
  - **organizational alignment**
  - **training**
  - **security**
  - **testing**
  - **standards**




FMMP Objectives
Transition
Transition Plan
Transition Strategy
Business Needs
Segmentation
Joint Responsibility
Quick Wins
Change Management
Communications
Incentives
Design Principles
Compliance
Integrated Work Prod.
Lessons Learned
Feedback & Cont. Improvement
Financial Management Enterprise Architecture

The transition plan synchronizes a variety of elements to form a coherent and effective transition plan

Transition Elements

- **Laws and regulations**
- **Policies and processes**
- **Information standards (including EEFI, FSE, & SGL)**
- **Systems (including site conversion & data conversion)**
- **Data infrastructure areas (including interfaces)**
- **Physical infrastructure areas**
- **Security infrastructure areas**
- **Testing infrastructure areas**
- **Training infrastructure areas**

Phased, synchronized transition plan

time

TRANSITION PLAN STRATEGY

Feedback to adjust requirements

DoD Leading Practices

Industry Leading Practices

Business Process Transformation

Operational and Technical Requirements and Capabilities

On-going DoD Initiatives

FMEA Transition Plan

Assessment Process

- **Does it comply?**
- **If not?**
  - **Approve as exception**
  - **Approve pending changes**
  - **Send back**

Feedback on FMEA Compliance

Criteria

Criteria

SUMMARY

- Make incremental improvements in DoD business operations and financial management to achieve the FMEA “To-Be”
- Work collaboratively with services and agencies
- Develop an FMEA Transition Plan that cost effectively implements the “To Be” by aligning & leveraging related ongoing Programs & Initiatives
  - Derived from
    - FMEA Requirements, and
    - Current transition and migration planning information from services and

Financial Management Modernization Program

FMMP Data Repository
Industry Day
September 30, 2002

Operational Objectives - DoD

- Integrated capability to support development and presentation of the FMEA
- Generate/maintain/link FMMP requirements
- Model/Simulate C4ISR views/alternatives
- Support integration with GIG, CADM, and other architectures
- Provide access to DoD users
- Operate and maintain repository including CM, IA, training, QA, SA, processes

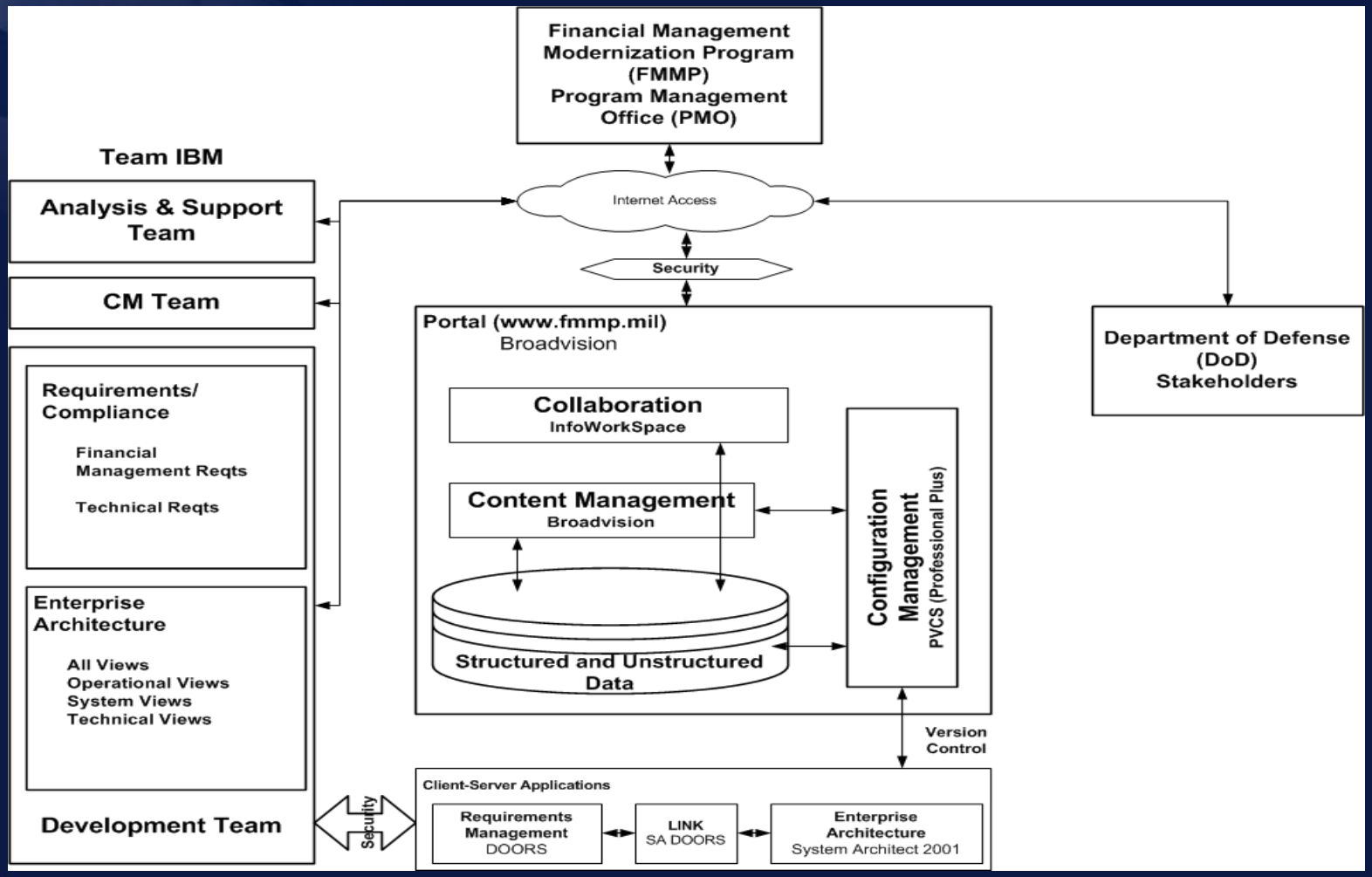
FMMP Repository Schedule

- Phased development and implementation
- IOC 9/29/02
  - Support initial FMEA development – requirements management, enterprise architecture, portal
- Phased FOC 10/23/02
  - Process/procedure/CM integration, collaboration/KM tools, operations and maintenance
- Post FOC 12/6/02
  - Modeling and simulation
- On-going operations and maintenance through 4/03

FMMP Repository Components

- Portal: Broadvision
- Requirements Management: DOORS
- Enterprise Architecture: System Architect w/C4ISR
- Knowledge Management: Broadvision
- Collaboration: InfoWorkSpace
- Configuration Management: PVCS

FMMP Repository Use



Department of Defense Financial Management Modernization Program

FMMP Support

Industry Day

September 30, 2002

Comptroller Directives

- USD(C) Memo August 21, 2001, Deployment of Financial Management Enterprise Resource Planning (ERP)
- USD(C) Memo October 12, 2001, Defense Financial Management Modernization Program - Systems Initiatives

Briefing Requirements

- Pre-Brief BMSI
- Pre-Brief the Financial Management Modernization Working Group
- Prepare a standard briefing for the Comptroller

Assessment Criteria

- Is initiative consistent with Financial Management Modernization Program objectives?
- Does the initiative have a near-term return on investment?

Briefing Requirements
New Initiatives (Milestone A)

- What?
  - Project Mission, Scope and Objectives
  - High Level Functional and Technical System Description
  - Baseline Budget and Schedule
  - Estimated Cost Savings/Avoidance
  - Business Process Review and Improvement
  - Mission Need Statement
  - Trade-off Studies

Briefing Requirements
New Initiatives (Milestone A)

- What?
  - Briefing Requirements
    - Overview of mission area
    - Needed capability in terms of functions to be performed
    - Current capability (as-is environment)
    - Current capability deficiency
    - Impact of deficiency on mission
    - Non-materiel alternatives evaluated
    - Material alternatives evaluated

Briefing Requirements
New Initiatives (Milestone A)

- What?
  - Briefing Requirements (cont.)
    - Annual benefits to the Agency if the mission need is satisfied (quantify to the degree practical)
    - Timeframe of when deficiency will seriously affect the Agency's ability to perform its mission
    - Resource planning estimate (resources the Agency will likely commit to this mission need over the POM period)
    - Results of Business Process Review/Reengineering

Briefing Requirements (Milestone B)

- What?
  - High Level Functional and Technical System Description
  - Baseline Budget and Schedule
  - Estimated Cost Savings/Avoidance
    - What is Return on Investment
    - When is the Break Even Point

Briefing Requirements (Milestone B)

- What?
  - Business Process Review and Improvement Plan
  - Trade-off Studies
  - Clinger Cohen Act Certification Rationale
    - Business Process Reengineering
    - Analysis of Alternatives
    - Performance Measures
    - Information Assurance
    - Economic Analysis

Briefing Requirements Developmental Programs (Milestone C)

- What?
  - Baseline and Actual Budget and Schedule
  - Estimated Cost Savings/Avoidance
    - What is Return on Investment
    - When is the Break Even Point
  - Clinger Cohen Act Certification Rationale
    - Business Process Reengineering
    - Analysis of Alternatives
    - Performance Measures
    - Information Assurance

Briefing Requirements Developmental Programs (Milestone C)

- What?
  - Results of Third Party Assessment
    - Assessment Methodology
    - Critical Operational Issue Findings
    - Mission Performance
    - Interoperability
    - Dependability
    - Usability
    - Vulnerability and Security
    - Federal Financial Management Improvement Act (FFMIA) Status (“Blue Book”)

Briefing Requirements
Developmental Programs (Milestone C)

- What?
  - Deployment/Production Plans
    - Objective
    - Schedule
    - Budget
  - Operations
    - Support Cost

Briefing Requirements
Operational Systems (System Change Reque

Priority 1 & 2 core mission issue SCRs may proceed with DoD component head approval in coordination with component FM and CIO

What?

- High Level Functional and Technical System Description
- Change Requirements (Why is change necessary?)
- Estimated Cost Savings/Avoidance/ROI

FMMP review of DoD financial management modernization efforts ensures that the Financial Management Enterprise Architecture leverages best practices ongoing in Department Components.

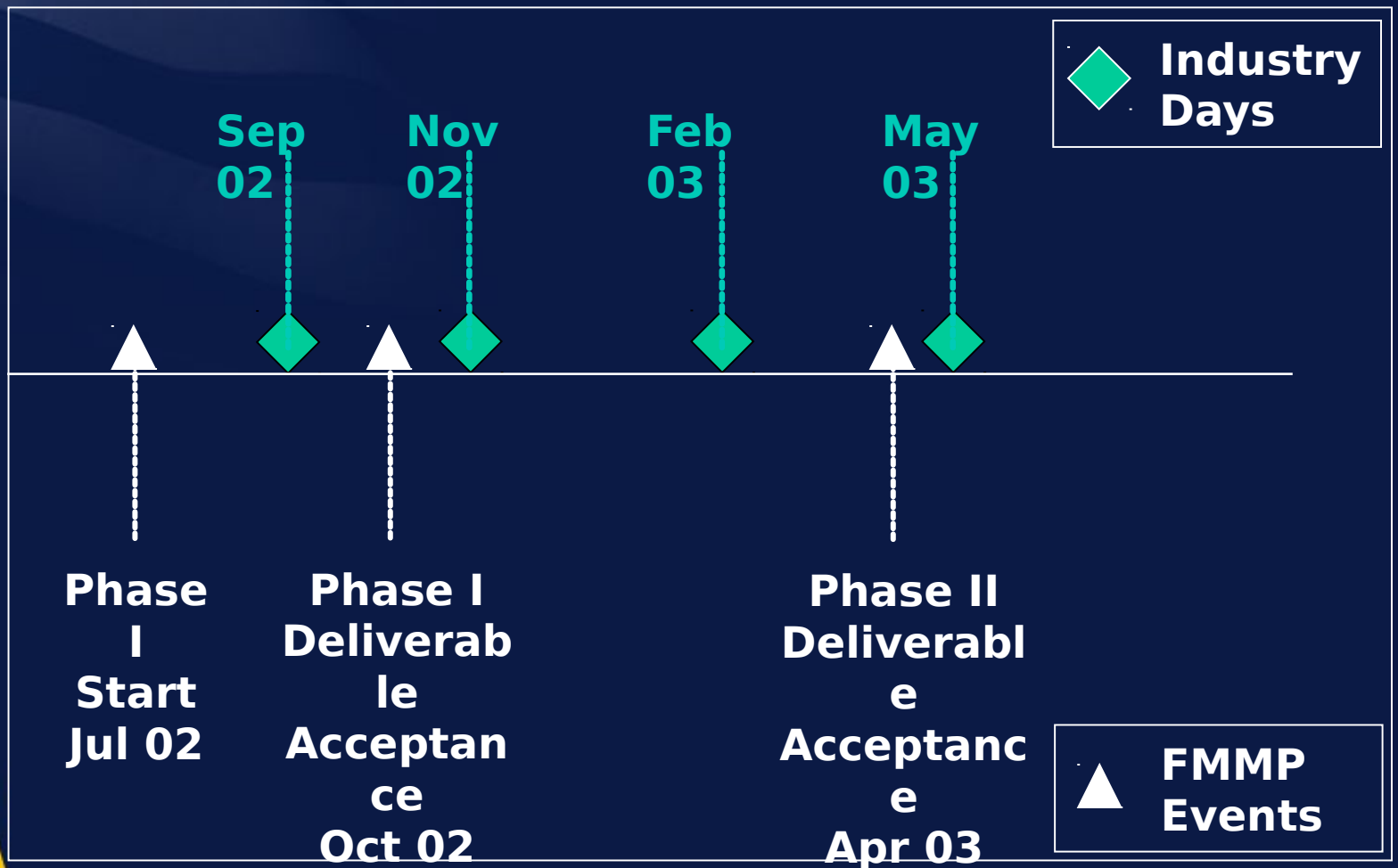
Financial Management Modernization Program (FMMP) Overview Part II

FMMP Program Management Office

Industry Day

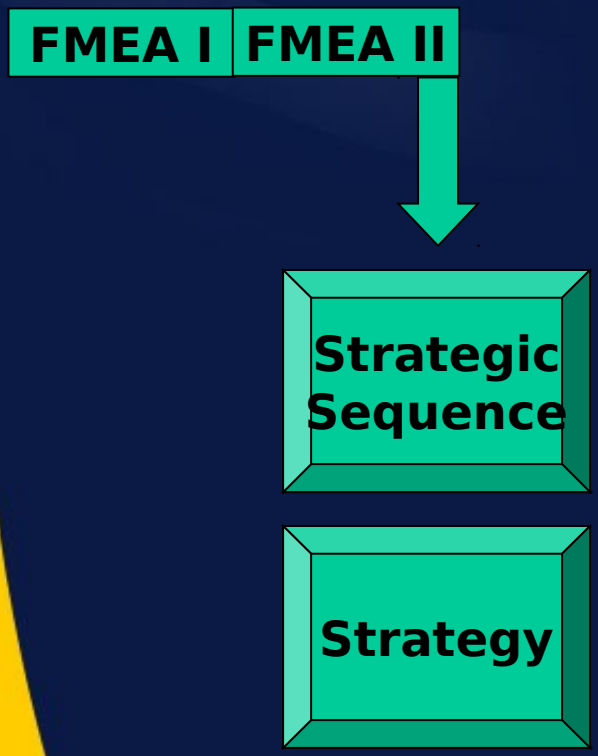
September 30, 2002

Industry Days in FMMP Context



The Path Ahead

Notional and not to scale!



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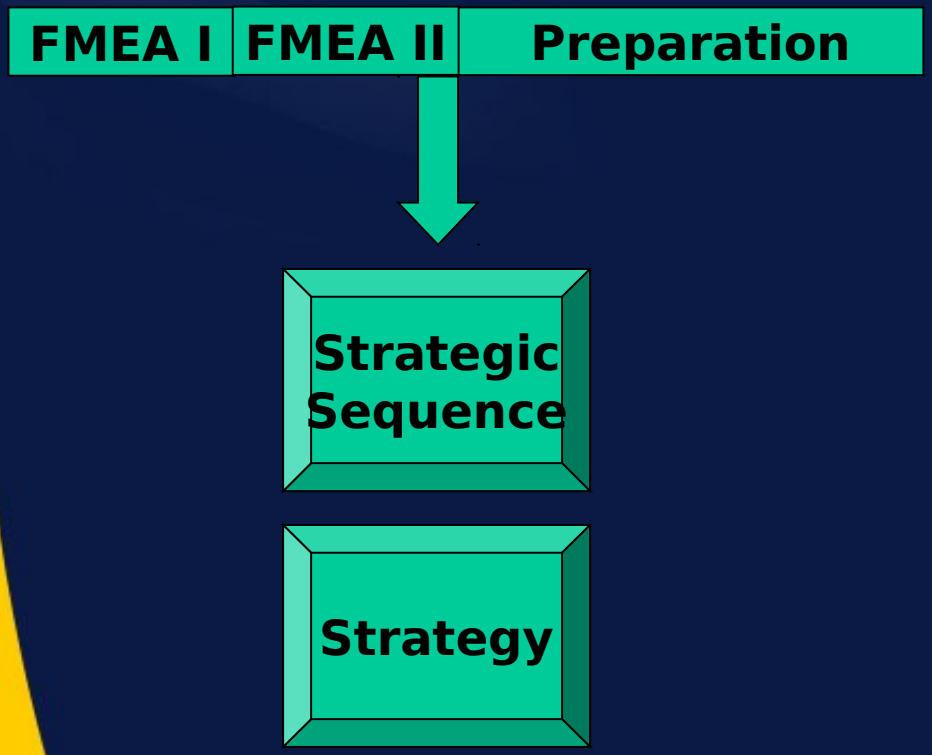


The Path Ahead

Notional and not to scale!

FMEA I | **FMEA II** | **Preparation**

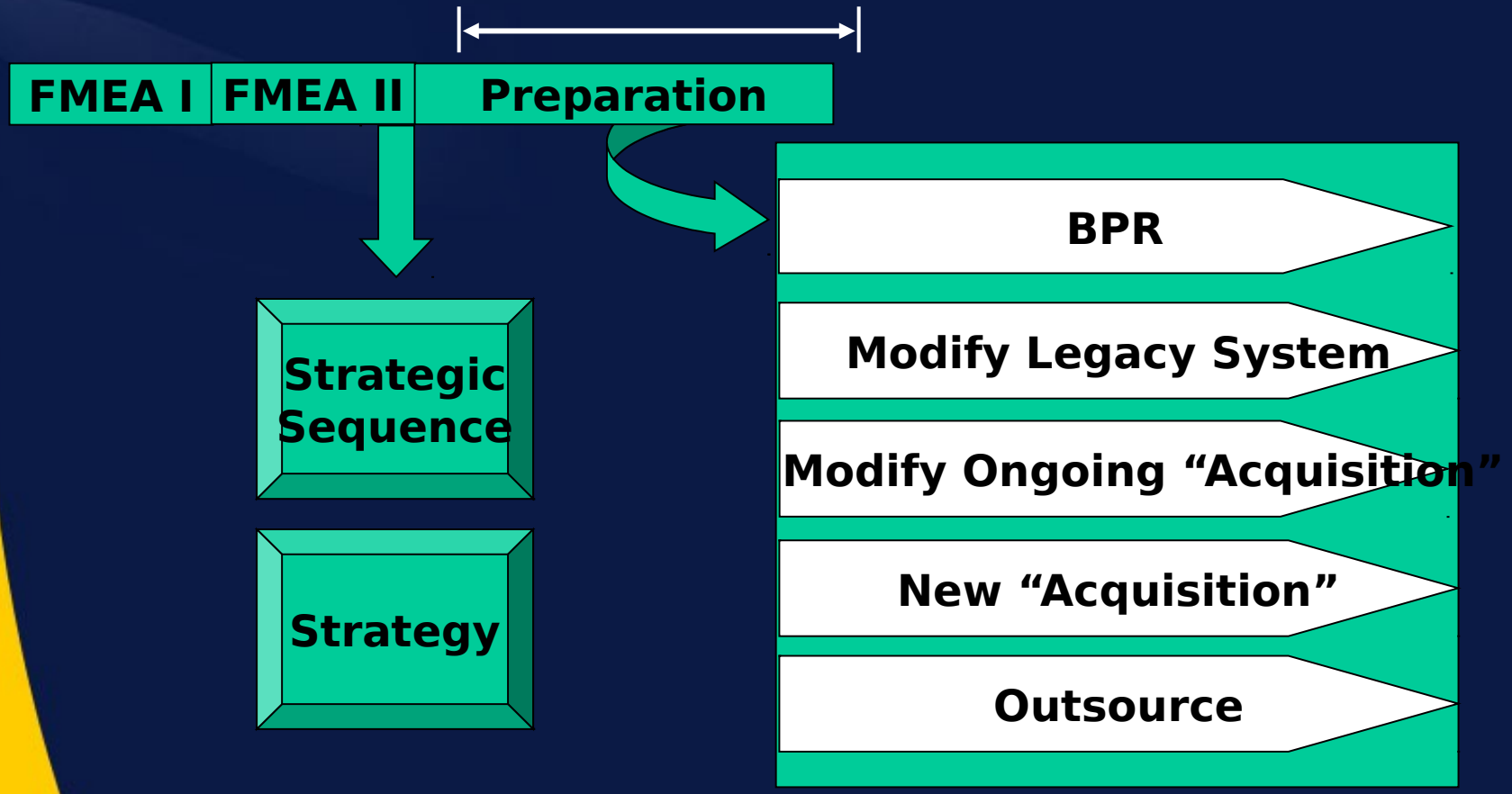
Strategic Sequence

Strategy

- **BPR**
- **Modify Legacy System**
- **Modify Ongoing “Acquisition”**
- **New “Acquisition”**
- **Outsource**

The Path Ahead

Notional and not to scale!



The Path Ahead

Notional and not to scale!

Projected Competitive Opportunity
Probably NET Jun 03
Probably NLT Jun 04

FMEA I | **FMEA II** | **Preparation**

Strategic Sequence

Strategy

- **BPR**
- **Modify Legacy System**
- **Modify Ongoing “Acquisition”**
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Industry Days in FMMP Context